

STATE TREASURER

GOVERNOR'S BUDGET RECOMMENDATIONS

Source of Funds	FY03 Adjusted Base	FY04 Recommended	% Change Over FY03	FY05 Recommended	% Change Over FY04
GPR	46,700	0	-100.0	0	0.0
PR-O	1,238,700	1,667,100	34.6	1,603,500	-3.8
PR-S	542,900	619,500	14.1	253,000	-59.2
SEG-O	321,900	415,200	29.0	422,000	1.6
TOTAL	2,150,200	2,701,800	25.7	2,278,500	-15.7

FULL-TIME EQUIVALENT POSITION SUMMARY

Source of Funds	FY03 Adjusted Base	FY04 Recommended	FTE Change From FY03	FY05 Recommended	FTE Change From FY04
PR-O	8.83	8.83	0.00	8.00	-0.83
PR-S	6.67	6.67	0.00	2.42	-4.25
SEG-O	3.00	2.00	-1.00	2.08	0.08
TOTAL	18.50	17.50	-1.00	12.50	-5.00

AGENCY DESCRIPTION

The office was established in 1848. The duties of the State Treasurer were established under Chapter 14, Subchapter IV, Wisconsin Statutes.

The State Treasurer is responsible for the custody and disbursement of state funds and for custody and care of money deposited with the state under statutory requirements. The State Treasurer acts as registrar for all general obligation bonds and maintains detailed records for such bonds, as well as the Local Government Investment Pool. The State Treasurer is also the administrator of Wisconsin's EdVest College Savings Program. The office maintains custody and records for all property received under the uniform unclaimed property and general escheat laws. If necessary, the office audits business and corporate records to ensure compliance with unclaimed property and general escheat laws.

The office makes daily determinations for the Investment Board of funds available for investment. It is responsible for the monthly collections of fines, forfeitures, penalties and court fees; quarterly collection of probate fees; and annual collections from municipal and school district treasurers of payments due on loans made by the Board of Commissioners of Public Lands. The office makes annual settlements with local government treasurers of taxes and fees due the state.

MISSION

The office's mission is to provide timely and accurate cash management services to state agencies; manage the Local Government Investment Pool; distribute unclaimed property and assets to the rightful owners as provided by s. 177.24, Wisconsin Statutes; and provide a structured, tax advantaged way for families to save for future higher education costs through the EdVest College Savings Program.

PROGRAMS, GOALS, OBJECTIVES AND ACTIVITIES

Program 1: Custodian of State Funds

Goal: Ensure cost-effective processing and management of the daily deposits and withdrawals.

Objective/Activity: The central location for the state's financial business, the Office of the State Treasurer is the state's virtual bank, overseeing hundreds of billions of dollars in financial transactions. Cash management staff reconciles billions of dollars of receipts, fines, forfeitures and tax settlements. On a daily basis, cash management staff determines the cash holdings of the state and the amount of funds available for the Investment Board to invest.

Goal: Provide an annual reporting mechanism for holder reporting (bringing income into the state) and provide an efficient process to verify and pay claims.

Objective/Activity: The State Treasurer serves as the administrator of the state's unclaimed property program. Currently, the State Treasurer is custodian of over \$125 million on behalf of approximately 230,000 unclaimed property owners. Generally, unclaimed property consists of such items as bank accounts, insurance proceeds, and uncashed dividends and stocks that have had no activity by the owner for a period of three to five years, depending on the category of the asset. Each year, the State Treasurer is required to publish a legal notice in a newspaper in each county listing the names and last known addresses of these owners in an attempt to return unclaimed property to its rightful owners.

Program 2: College Tuition Prepayment Program

Goal: Combine the EdVest Tuition Trust and College Savings Program into one administrative unit and increase the number of accounts and dollars invested into the program each year.

Objective/Activity: Increase the number of accounts and dollars invested into the program each year. EdVest is the state-sponsored college savings program created to help families save for future higher education expenses. It offers state and federal tax benefits, broad eligibility and flexibility to program participants.

PERFORMANCE MEASURES

HISTORICAL DATA

Prog. No.	Performance Measure ¹	Actual 2000
1.	Stop payments performed within two days of receipt (including sales tax rebate).	19,808
1.	Processing fines, forfeitures and tax settlements.	\$65,959,000
1.	Unclaimed property received through audits and holder reporting.	\$9,800,000
1.	Unclaimed property claims returned to rightful owner.	4,301
2.	EdVest new accounts.	1,491
2.	EdVest total participant investment for future higher education costs.	\$6,000,000

Note: Based on fiscal year.

¹Performance measures have been modified.

2001 AND 2002 GOALS AND ACTUALS

Prog. No.	Performance Measure	Goal 2001	Actual 2001	Goal 2002	Actual 2002
1.	Stop payments performed within two days of receipt.	6,400	6,817	6,400	6,375
1.	Processing fines, forfeitures and tax settlements.	\$66,000,000	\$70,778,000	\$70,000,000	\$75,932,000
1.	Unclaimed property received through audits and holder reporting. ¹	\$15,000,000	\$23,900,000	\$7,500,000	\$10,000,000
1.	Unclaimed property claims returned to rightful owner.	11,200	6,745	10,100	5,262
2.	EdVest new accounts. ²	600	3,846	1,000	92,346
2.	EdVest total participant investment for future higher education costs.	15,000,000	27,400,000	250,000,000	438,083,769

Note: Based on fiscal year.

¹Holder reporting is done in the second year of the biennium but was changed to annual effective fiscal year 2002-03. Therefore, fiscal year 2002-03 will be the last cycle to include two years of data.

²Strong Capital Management, Inc., contracted to manage the EdVest College Savings Program, which opened a variety of investment options and therefore expanded the program greatly.

2003, 2004, AND 2005 GOALS

Prog. No.	Performance Measure	Goal 2003	Goal 2004	Goal 2005
1.	Stop payments performed within two days of receipt. ¹	6,400	6,400	6,400
1.	Processing fines, forfeitures and tax settlements.	\$75,000,000	\$78,000,000	\$80,000,000
1.	Unclaimed property received through audits and holder reporting. ²	\$20,000,000	\$15,000,000	\$15,000,000
1.	Unclaimed property claims returned to rightful owner.	7,500	7,500	8,000
2.	EdVest new accounts. ³	40,000	40,000	40,000
2.	EdVest total participant investment for future higher education costs.	\$600,000,000	\$760,000,000	\$900,000,000

Note: Based on fiscal year.

¹Approximately 6,400 stops are performed, on average, per year barring exceptional circumstances. No growth is projected, as the number of stops presented is not a treasury function.

²Holder reporting has been changed to an annual requirement so income will be steady rather than one low year and one high year each biennium.

³Strong Capital Management, Inc., is the party primarily responsible for the marketing of the EdVest program under its contract with the state. New accounts and total investments, therefore, are dependent on Strong's marketing strategy, which is not a direct treasury responsibility.

STATE TREASURER

GOVERNOR'S BUDGET RECOMMENDATIONS

RECOMMENDATIONS

1. Budget Efficiency Measures
2. Budget Reorganization – Transfer of Cash Management to DOA
3. Unclaimed Property Base Increase
4. Programming Upgrades
5. EdVest College Savings Program Adjustments
6. Standard Budget Adjustments

Table 1
Department Budget Summary by Funding Source (in thousands of dollars)

	ACTUAL FY02	ADJUSTED BASE FY03	AGENCY REQUEST		GOVERNOR'S RECOMMENDATION	
			FY04	FY05	FY04	FY05
GENERAL PURPOSE REVENUE	\$38.8	\$46.7				
State Operations	38.8	46.7				
PROGRAM REVENUE (2)	2,066.6	1,781.6	2,289.3	1,859.7	2,286.6	1,856.5
State Operations	2,066.6	1,781.6	2,289.3	1,859.7	2,286.6	1,856.5
SEGREGATED REVENUE (3)	301.9	321.9	455.8	462.6	415.2	422.0
State Operations	301.9	321.9	455.8	462.6	415.2	422.0
TOTALS-ANNUAL	2,407.3	2,150.2	2,745.1	2,322.3	2,701.8	2,278.5
State Operations	2,407.3	2,150.2	2,745.1	2,322.3	2,701.8	2,278.5

(2) Includes Program Revenue-Service and Program Revenue-Other

(3) Includes Segregated Revenue-Service, Segregated Revenue-Other and Segregated Revenue-Local

Table 2
Department Position Summary by Funding Source (in FTE positions) (4)

	ADJUSTED BASE FY03	AGENCY REQUEST		GOVERNOR'S RECOMMENDATION	
		FY04	FY05	FY04	FY05
PROGRAM REVENUE (2)	15.50	15.50	10.42	15.50	10.42
SEGREGATED REVENUE (3)	3.00	3.00	3.08	2.00	2.08
TOTALS-ANNUAL	18.50	18.50	13.50	17.50	12.50

(2) Includes Program Revenue-Service and Program Revenue-Other

(3) Includes Segregated Revenue-Service, Segregated Revenue-Other and Segregated Revenue-Local

(4) All positions are State Operations unless otherwise specified

Table 3
Department Budget Summary by Program (in thousands of dollars)

	ACTUAL FY02	ADJUSTED BASE FY03	AGENCY REQUEST FY04	AGENCY REQUEST FY05	GOVERNOR'S RECOMMENDATION FY04	GOVERNOR'S RECOMMENDATION FY05
1. Custodian of state funds	\$2,066.6	\$1,781.6	\$2,289.3	\$1,859.7	\$2,286.6	\$1,856.5
2. College tuition prepayment program	340.7	368.6	455.8	462.6	415.2	422.0
TOTALS	2,407.3	2,150.2	2,745.1	2,322.3	2,701.8	2,278.5

Table 4
Department Position Summary by Program (in FTE positions) (4)

	ADJUSTED BASE FY03	AGENCY REQUEST FY04	AGENCY REQUEST FY05	GOVERNOR'S RECOMMENDATION FY04	GOVERNOR'S RECOMMENDATION FY05
1. Custodian of state funds	15.50	15.50	10.42	15.50	10.42
2. College tuition prepayment program	3.00	3.00	3.08	2.00	2.08
TOTALS	18.50	18.50	13.50	17.50	12.50

(4) All positions are State Operations unless otherwise specified

1. Budget Efficiency Measures

Source of Funds	Agency Request				Governor's Recommendation			
	FY04		FY05		FY04		FY05	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
SEG-O	0	0.00	0	0.00	-39,900	-1.00	-39,900	-1.00
TOTAL	0	0.00	0	0.00	-39,900	-1.00	-39,900	-1.00

The Governor recommends reducing expenditure and position authority in the office's state operations appropriations in the amounts shown to create additional operational efficiencies and balance the budget.

2. Budget Reorganization – Transfer of Cash Management to DOA

Source of Funds	Agency Request				Governor's Recommendation			
	FY04		FY05		FY04		FY05	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
PR-O	0	0.00	-63,900	-0.83	0	0.00	-64,400	-0.83
PR-S	0	0.00	-336,500	-4.25	0	0.00	-336,500	-4.25
SEG-O	0	0.00	6,800	0.08	0	0.00	6,800	0.08
TOTAL	0	0.00	-393,600	-5.00	0	0.00	-394,100	-5.00

The Governor recommends transferring the office's cash management function to the Department of Administration effective July 1, 2004. This transfer includes the net elimination of 2.0 FTE positions to reflect efficiencies.

3. Unclaimed Property Base Increase

Source of Funds	Agency Request				Governor's Recommendation			
	FY04		FY05		FY04		FY05	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
PR-O	363,000	0.00	363,000	0.00	363,000	0.00	363,000	0.00
TOTAL	363,000	0.00	363,000	0.00	363,000	0.00	363,000	0.00

The Governor recommends increasing funding for higher annual reporting costs of publishing legal notices of unclaimed property.

4. Programming Upgrades

Source of Funds	Agency Request				Governor's Recommendation			
	FY04		FY05		FY04		FY05	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
PR-S	30,000	0.00	0	0.00	30,000	0.00	0	0.00
TOTAL	30,000	0.00	0	0.00	30,000	0.00	0	0.00

The Governor recommends providing funding for programming costs incurred to comply with changes in the office's working bank.

5. EdVest College Savings Program Adjustments

Source of Funds	Agency Request				Governor's Recommendation			
	FY04		FY05		FY04		FY05	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
GPR	-46,700	0.00	-46,700	0.00	-46,700	0.00	-46,700	0.00
SEG-O	119,200	0.00	119,200	0.00	119,200	0.00	119,200	0.00
TOTAL	72,500	0.00	72,500	0.00	72,500	0.00	72,500	0.00

The Governor recommends converting base level GPR funding to SEG and increasing supplies and services funding for marketing and annual audit cost increases of the EdVest Program.

6. Standard Budget Adjustments

Source of Funds	Agency Request				Governor's Recommendation			
	FY04		FY05		FY04		FY05	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
PR-O	66,800	0.00	67,600	0.00	65,400	0.00	66,200	0.00
PR-S	47,900	0.00	47,900	0.00	46,600	0.00	46,600	0.00
SEG-O	14,700	0.00	14,700	0.00	14,000	0.00	14,000	0.00
TOTAL	129,400	0.00	130,200	0.00	126,000	0.00	126,800	0.00

The Governor recommends adjusting the office's base budget for: (a) full funding of continuing position salaries and fringe benefits (\$103,500 in each year); (b) reclassifications and semiautomatic pay progression (\$14,000 in each year); and (c) fifth week of vacation as cash (\$8,100 in FY04 and \$8,900 in FY05).